SENATE BILL No. 525

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-22-17-9; IC 20-40-0.5; IC 20-42.5-3.

Synopsis: Education issues. Provides that the department of administration may require political subdivisions to purchase one or more services, supplies, or items of equipment exclusively under a state contract. Provides that if a state board of accounts examination report discloses that a school corporation has not complied with these requirements, the state board of accounts may fine the school corporation. Specifies that the amount of a fine imposed on a school corporation by the state board of accounts is equal to the following: (1) $1,000 for the first failure to comply. (2) $5,000 for the second failure to comply. (3) $10,000 for each additional failure to comply. Provides that the state board of accounts may reduce a fine imposed on a school corporation to the extent that the fine exceeds the savings that the school corporation could have realized if the school corporation had complied with the requirements. Provides that a contract entered into by a state agency may require the contractor to offer to political subdivisions the services, supplies, or transportation equipment (including buses) that are the subject of the contract under conditions specified in the contract. Specifies that if a political subdivision demonstrates that it can achieve a better price for the service, supply, or item of equipment through another purchasing cooperative, the political subdivision may purchase the service, supply, or item of equipment from that source. Requires the department of administration to adopt rules to regulate purchases by political subdivisions. Provides that the department of administration may establish written policies for purchases by political subdivisions to ensure that political subdivisions

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Effective: July 1, 2009.

Lubbers, Kruse

January 15, 2009, read first time and referred to Committee on Education and Career Development.

secure the best available price and quality of an item purchased. Provides that a school corporation may apply to the office of management and budget (OMB) to transfer an amount from any fund of the school corporation to any other fund of the school corporation to increase the school corporation's ratio of student instructional expenditures to all other expenditures. Requires the OMB to consult with the state board of education (state board) in determining whether to grant the request. Provides that if a transfer is approved: (1) the school corporation may not file a levy appeal for the school corporation's transportation fund with the department of local government finance in the year in which the transfer is made or in the following year (if the transfer is made from the school corporation's transportation fund); and (2) the school corporation may not increase its capital projects fund rate in the following year (if the transfer is made from the school corporation's capital projects fund). Specifies that the OMB may not approve a transfer unless the school corporation first adopts a resolution specifying that: (1) the transfer will not cause a shortage of money in the fund from which the transfer will be made; (2) the transferred funds are not necessary to carry out the purposes of the fund from which the transfer will be made; and (3) the school corporation will comply with the requirements concerning its transportation fund levy or capital projects fund rate and does not reasonably expect to request any emergency loans during the year in which the transfer is made or in the following year for the fund from which the transfer will be made. Specifies that the OMB may not approve such a transfer in excess of 50% of the amount that the school corporation can show it has saved through: (1) joint purchasing or shared service arrangements; or (2) other savings measures that have resulted in an increased ratio of student instructional expenditures to all other expenditures. Provides that the report prepared by the OMB concerning school corporations' progress in improving the ratio of student instructional expenditures must also include information regarding costs to school corporations of employee health insurance. Requires the governor and superintendent of public instruction, as well as the state board under current law, to recognize publicly each school corporation and educational service center that has an improved ratio of student instructional expenditures. Specifies that the state board shall determine different levels of improvement in the ratio of student instructional expenditures that are deserving of special recognition. Provides that the superintendent of public instruction, as well as the state board under current law, shall recognize and reward the school corporations that meet goals for increasing the school corporation's allocation of taxpayer resources directly to student instruction and learning. Requires the state board to adopt rules to create rewards for school corporations that improve their ratios of student instructional expenditures to all other expenditures.

Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 525

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-22-17-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. **(a) The general assembly finds:**

(1) that there is a public need and benefit for the most efficient and effective purchasing system and methods to be available to serve the interests of the public; and

(2) that the purchasing resources and savings available to the state should be extended to all political subdivisions.

(b) A contract entered into by a state agency may require the contractor to offer to political subdivisions the services, ~~or~~ supplies, **or transportation equipment, including buses,** that are the subject of the contract under conditions specified in the contract.

(c) Notwithstanding IC 20-27-4 or any other provision, the Indiana department of administration may require political subdivisions to purchase one (1) or more services, supplies, or

items of equipment exclusively under a state contract. However, if a political subdivision demonstrates that it can achieve a better price for the service, supply, or item of equipment through another purchasing cooperative, the political subdivision may purchase the service, supply, or item of equipment from that source.

(d) The department of administration shall adopt rules to regulate purchases by political subdivisions. A rule adopted under this subsection may supplement this article and may not be inconsistent with this article.

(e) The department of administration may establish written policies for purchases by political subdivisions to ensure that political subdivisions secure the best available price and quality of an item purchased under this article. A written policy established under this subsection:

(1) may apply to all purchases generally or to a specific purchase as stated in the solicitation for that purchase;

(2) shall provide for evaluation criteria and selection criteria appropriate for each type or quantity of purchase;

(3) may supplement this article or a policy, guideline, or ordinance adopted by a political subdivision; and

(4) may not be inconsistent with this article or with a policy, guideline, or ordinance adopted by a political subdivision.

(f) If an examination report filed under IC 5-11-5-1(a) discloses that a school corporation being examined has not complied with the requirements of this section, the state board of accounts may impose a fine on the school corporation. A school corporation must pay a fine imposed under this section to the treasurer of state for deposit into the state general fund not later than ninety (90) days after receipt by the school corporation of a letter from the state board of accounts imposing the fine. The state board of accounts must send a letter imposing a fine under this subsection by registered or certified mail. If a school corporation fails to pay a fine within the time required, the attorney general shall collect the fine from the school corporation, or the amount of the fine shall be withheld from the next tuition support distribution made by the state to the school corporation and shall be deposited into the state general fund. The amount of a fine imposed on a school corporation by the state board of accounts is equal to the following:

(1) One thousand dollars ($1,000) for the first failure to comply with this section.

(2) Five thousand dollars ($5,000) for the second failure to

comply with this section.

(3) Ten thousand dollars ($10,000) for each additional failure to comply with this section.

However, the state board of accounts may reduce a fine imposed on a school corporation to the extent that the fine exceeds the savings that the school corporation could have realized if the school corporation had complied with this section.

SECTION 2. IC 20-40-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 0.5. Use of School Funds

Sec. 1. (a) A school corporation may apply to the office of management and budget to transfer an amount specified by the school corporation from any fund of the school corporation to any other fund of the school corporation to increase the school corporation's ratio of student instructional expenditures to all other expenditures. The office of management and budget shall consult with the state board in determining whether to grant the request. Notwithstanding any other provision in IC 20-40 or any other law, a school corporation may transfer funds as approved by the office of management and budget under this section.

(b) The office of management and budget may not approve a transfer for a school corporation under subsection (a) that exceeds fifty percent (50%) of the amount that the school corporation can show it has saved through:

(1) joint purchasing or shared service arrangements; or

(2) other savings measures that have resulted in an increased ratio of student instructional expenditures to all other expenditures.

(c) The following apply if the office of management and budget approves a transfer for a school corporation under subsection (a) from a fund of the school corporation:

(1) If the transfer is made from the school corporation's transportation fund, the school corporation may not file an appeal with the department of local government finance under IC 6-1.1-19 in the year in which the transfer is made or in the following year to increase the maximum property tax levy permitted for the school corporation's transportation fund.

(2) If the transfer is made from the school corporation's capital projects fund, the property tax rate imposed under IC 20-46-6 for the school corporation's capital projects fund

for the following year may not exceed the property tax rate imposed under IC 20-46-6 for the school corporation's capital projects fund for the year in which the transfer is made.

(d) The office of management and budget may not approve a transfer for a school corporation under subsection (a) unless the school corporation first adopts a resolution specifying that:

(1) the transfer will not cause a shortage of money in the fund from which the transfer will be made;

(2) the transferred funds are not necessary to carry out the purposes of the fund from which the transfer will be made; and

(3) the school corporation:

(A) will comply with the requirements of subsection (c); and

(B) does not reasonably expect to request any emergency loans during the year in which the transfer is made or in the following year for the fund from which the transfer will be made.

SECTION 3. IC 20-42.5-3-5, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) **The following apply** for each school year, using the 2005-2006 school year as a baseline:

(1) The office of management and budget shall analyze and report to the state board, the governor, and the general assembly concerning the progress or lack of progress of each school corporation, of all school corporations in each educational service center's area, and in Indiana as a whole in improving the ratio of student instructional expenditures to all other expenditures for the previous school year. **The report must include information regarding costs to school corporations of employee health insurance.**

(2) The **governor, superintendent of public instruction, and** state board shall recognize publicly each school corporation and educational service center that has an improved ratio of student instructional expenditures to all other expenditures during the previous school year. **The state board shall determine different levels of improvement that are deserving of special recognition.**

(3) The office of management and budget and the division of finance of the department shall be available to consult with and provide technical assistance to each school corporation that did not have an improved ratio of student instructional expenditures

to all other expenditures during the previous school year. ~~and~~

(4) Each school corporation shall report to the public in the school corporation's annual performance report and to the members of the general assembly whose districts include the school corporation:

(A) the percentage of resources spent by the school corporation during the previous school year on each category of expenditures set forth in section 4 of this chapter and whether the school corporation met the goals established for the previous school year under section 6 of this chapter;

(B) the trend line for each category of expenditures set forth in section 4 of this chapter for the school corporation during the previous school year;

(C) whether the school corporation did or did not make progress in improving the ratio of student instructional expenditures to all other expenditures during the previous school year; and

(D) the goals established under section 6 of this chapter for the current school year.

(b) The reports to the general assembly under subsection (a)(1) and to individual members of the general assembly under subsection (a)(4) must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

SECTION 4. IC 20-42.5-3-6, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) Beginning with the 2007-2008 school year, each governing body shall establish goals for each category of expenditures set forth in section 4 of this chapter that will increase the school corporation's allocation of taxpayer resources directly to student instruction and learning, in light of the unique circumstances present in the school corporation.

(b) The **state superintendent and** state board shall recognize and reward the school corporations that meet the goals described in subsection (a).

(c) The state board shall adopt rules to create rewards for school corporations that improve their ratios of student instructional expenditures to all other expenditures.